

March 27, 2007

**Statement by Secretary for Resources Mike Chrisman
Regarding Bureau of Audits Report Tying
State Oil Regulator to Oil Companies**

The following are statements made by Secretary for Resources Mike Chrisman during a Resources Agency news conference on March 22, 2007 in response to the California State Auditor's findings that a Department of Conservation Division of Oil, Gas and Geothermal Resources employee owned stock in companies he regulated.

This is behavior that cannot and will not be tolerated. We intend to be swift and aggressive in our response to these findings.

The Resources Agency intends to launch its own investigation into this matter and we will review any and all permits that involved these two employees. I want to stress again, that this kind of behavior by public employees cannot and will not be tolerated. We are committed to the concept that people who serve the citizens of California should be and will be held to the highest standard of ethical conduct.

A Bureau of Audits investigation report released March 22, 2007 found that a Department of Conservation Division of Oil, Gas and Geothermal Resources employee and his supervisor failed to disclose stock holdings in numerous regulated oil companies and solicited donations from those companies for his wife's charity while approving drilling permits.

The case has been referred to the attorney general for further investigation. The Department of Conservation is currently reviewing its policies to establish an ethics panel to avoid similar cases.